



SENATE REPUBLICAN

POLICY COMMITTEE

Legislative Notice

No. 18

June 11, 2007

H.R. 6 – Senate Substitute to the House-Passed Alternative Energy Bill

Calendar No. 9

Read the second time and placed on the Senate Calendar on January 22.

Noteworthy

- On June 6, 2007, the Majority Leader filed cloture on the motion to proceed to H.R. 6, a bill passed by the House on January 18, 2007 by a vote of 264 - 163. Today, the Senate is likely to vote on cloture on that motion to proceed.
- At press time, it was expected that once the Senate was on the bill, Energy Committee Chairman Bingaman would seek to substitute the contents of H.R. 6 with text prepared by his and three other Senate committees. This Legislative Notice addresses the provisions contained in the substitute, as it was made available on June 8.
- The substitute is expected be similar to S. 1419 (the bill introduced by Majority Leader Reid and placed on the Senate Calendar on May 17 in accordance with Rule 14), but with a number of changes to several of the titles.
- Titles I, II, and III are substantially the same as the three titles contained in S. 1321, the Energy Savings Act, reported by the Senate Energy Committee on May 7, 2007. Title IV contains language similar to three bills reported by the Senate Committee on Environment and Public Works: S. 992, the Public Buildings Cost Reduction Act, S. 506, the High Performance Green Buildings Act of 2007, and H.R. 798, a bill directing General Services Administration to install photovoltaic systems for the headquarters building of the Department of Energy. Titles V and VI are products of the Senate Commerce Committee, and contain language similar to S. 357, the Ten-in-Ten Fuel Economy Act, as ordered reported. Title VII contains language similar to S. 193, the Energy Diplomacy and Security Act, as reported by the Committee on Foreign Relations.
- The Senate Committee on Finance is expected to mark up an energy tax title within the next two weeks that then would likely be offered as a floor amendment.

Highlights

These are highlights of the substitute as made available June 8, 2007.

- The substitute increases the renewable fuels standard, authorizes funds for activities to improve energy efficiency, requires the federal government to increase its consumption of renewable electricity, authorizes funds for research related to carbon capture and sequestration, promotes utilization of energy-efficient technologies in federal buildings, mandates an increase in corporate average fuel economy standards, addresses price gouging regarding petroleum products, and addresses certain international energy diplomacy and security matters. The substitute makes additions to title IV, and changes to titles V (CAFE) and VI (price gouging) as compared to S. 1419. At press time, it was unclear whether additional changes would be made to title VII (energy diplomacy) and to title IV (public buildings).
- **Title I** increases the *renewable fuels standard* to 8.5 billion gallons in 2008. (Under current law, renewable fuels must total 5.4 billion gallons in 2008, and 7.5 billion by 2012.) In succeeding years, the standard is increased, rising to 36 billion gallons in 2022. This title also supports the development of a renewable fuels infrastructure and directs the execution of numerous studies.
- **Title II** promotes certain lighting technologies, expands *efficiency standards* for certain lights and other equipment, and establishes through grants, loan guarantees, and certain research and development programs support for high-efficiency vehicles, advanced batteries, and energy storage technology. It also sets goals for U.S. energy use and conservation, and requires the Federal entities to reduce energy consumption and increase renewable energy purchases.
- **Title III** expands existing research and development efforts concerning *carbon capture and storage* and directs the completion of a methodology for assessing geological carbon dioxide storage capacity. This title also directs the completion of a large-scale demonstration project with an industrial emitter of carbon dioxide.
- **Title IV** directs the General Services Administration (GSA) to establish a program to accelerate the use of *cost-effective lighting technologies in public buildings* and requires a plan to replace inefficient lighting technology in GSA buildings. It directs the installation of a photovoltaic system at the Department of Energy headquarters building, creates an Office of High-Performance Green Buildings at GSA to promote green building technology implementation in Federal buildings, and authorizes three demonstration projects and grants for schools.
- **Title V** requires a combined *Corporate Average Fuel Economy (CAFE) standard* for new cars and light trucks to be increased to 35 miles per gallon by 2020 [under current law, CAFE standards for passenger cars (27.5 mpg) and light trucks (22.2 mpg for model year 2007) are treated separately]. In the 10 years that follow, a 4-percent increase in the CAFE standard is required per year.

- **Title VI** addresses concerns of *price gouging*, making it unlawful to charge an “unconscionably excessive price” for certain petroleum products during an emergency as declared by the President.
- **Title VII** addresses certain *international energy diplomacy and security* matters by directing the Secretary of State, in coordination with the Secretary of Energy, to seek to establish several administrative mechanisms, including strategic energy partnerships, a petroleum crisis response mechanism with China and India, a Western Hemisphere energy crisis response mechanism, and a Hemisphere Energy Cooperation Forum.

Bill Provisions

SECTION-BY-SECTION

TITLE I - BIOFUELS FOR ENERGY SECURITY AND TRANSPORTATION

Section 101. Short title.

Section 102. Definitions. This section defines “advanced biofuel” and “renewable biomass,” among other terms.

SUBTITLE A - RENEWABLE FUELS STANDARD

Section 111. Renewable fuels standard. Section 111 requires regulations to ensure that consumption rates for renewable fuels increase from 8.5 billion gallons in 2008 to 36 billion gallons in 2022. It also requires that, of those amounts, advanced biofuels not derived from corn starch comprise volumes rising from 3 billion gallons in 2016 to 21 billion gallons in 2022. The regulations must ensure that biofuels facilities built after the date of enactment achieve at least a 20-percent reduction in life cycle greenhouse gas emissions, compared to gasoline. This section also addresses small refiners’ waiver opportunities, and a fuel producer credit trading program.

Section 112. Production of renewable fuel using renewable energy. This section creates a credit for facilities that use renewable energy to displace more than 90 percent of fossil fuel typically used in the production of renewable fuel.

SUBTITLE B - RENEWABLE FUELS INFRASTRUCTURE

Section 121. Infrastructure pilot program for renewable fuels. The Secretary is to establish up to 10 renewable fuels corridors through competitive grants administered by the Department of Energy's Vehicle Technology Deployment Program. \$200,000,000 is authorized for this program.

Section 122. Bioenergy research and development. Funding for authorizations for bioenergy research and development is increased by 50 percent for fiscal years 2008 and 2009.

Section 123. Bioresearch centers for systems biology program. The number of bioresearch centers focused on biofuels is increased to 11.

Section 124. Loan guarantees for renewable fuel facilities. The first six loan guarantees for advanced biofuels facilities can be made in advance of the Department of Energy's (DOE) rulemaking to implement Title 17 of the Energy Policy Act of 2005.

Section 125. Grants for renewable fuel production research and development in certain States. Grants for research in renewable fuels technologies are to go to entities in states with low rates of ethanol production. \$25 million in each of fiscal years 2008 through 2010 is authorized.

Section 126. Grants for infrastructure for transportation of biomass to local biorefineries. Grants are provided to promote the development of infrastructure to support the transportation of biomass to local biorefineries.

Section 127. Biorefinery information center. A biorefinery information center is to be established to make available information through a website and call center.

Section 128. Alternative fuel database and materials. This section establishes a public database and standard reference materials for physical properties of renewable fuels.

Section 129. Fuel tank cap labeling requirement. Starting in model year 2010, fuel tank caps must be labeled to inform consumers that the vehicles can operate on alternative fuels.

Section 130. Biodiesel. This section requires a study identifying challenges associated with increasing to 5 percent the amount of biodiesel contained in diesel fuel sold in the U.S. This section also requires regulations establishing uniform labeling of biodiesel blends and regulations to ensure that only biodiesel certified in compliance with the ASTM 6751 standard is introduced into interstate commerce. \$3 million in each of fiscal years 2008 through 2010 is authorized.

SUBTITLE C - STUDIES

This subtitle provides for the following studies:

Section 141. Study of advanced biofuels technologies.

Section 142. Study of increased consumption of ethanol-blended gasoline with higher levels of ethanol.

Section 143. Pipeline feasibility study.

Section 144. Study of optimization of alternative fueled vehicles to use E-85 fuel.

Section 145. Study of credits for use of renewable electricity in electric vehicles.

Section 146. Study of engine durability associated with the use of biodiesel.

Section 147. Study of incentives for renewable fuels.

Section 148. Study of streamlined lifecycle analysis tools for the evaluation of renewable carbon content of biofuels.

Section 149. Study of the adequacy of railroad transportation of domestically-produced renewable fuel.

Section 150. Study on effects of ethanol-blended gasoline on off-road vehicles.

TITLE II - ENERGY EFFICIENCY PROMOTION

Section 201. Short title.

Section 202. Definition of Secretary.

SUBTITLE A - PROMOTING ADVANCED LIGHTING TECHNOLOGIES

Section 211. Accelerated procurement of energy efficient lighting. All general purpose lighting in Federal buildings is to be Energy Star-rated or designated as efficient by the Federal Energy Management Program by October 1, 2013, pursuant to guidelines issued by the Secretary of Energy.

Section 212. Incandescent reflector lamp efficiency standards. This section expands the types of incandescent reflector lamps covered by efficiency standards that will be effective January 1, 2008.

Section 213. Bright Tomorrow Lighting Prizes. Three prizes are authorized based on LED technology for (1) replacing the 60-watt incandescent lamp (\$10 million), (2) the Type 38 Halogen Parabolic Reflector (\$5 million), and (3) a “twenty-first century lamp,” the performance and efficiency characteristics of which exceed any light source in current use (\$5 million). DOE and the General Services Administration (GSA) are directed to become first users of the winning technologies.

Section 214. Sense of the Senate concerning efficient lighting standards. Expresses the Sense of the Senate that Federal policies to transform the U.S. market to more efficient lighting should be adopted.

Section 215. Renewable energy construction grants. These grants, for construction of certain renewable energy projects, require eligible applicants to contribute not less than 50 percent of total project costs.

SUBTITLE B - EXPEDITING NEW ENERGY EFFICIENCY STANDARDS

Section 221. Definition of energy conservation standard. This section revises the definition of ‘energy conservation standard’ and includes performance standards for water use for residential clothes washers and residential dishwashers.

Section 222. Regional efficiency standards for heating and cooling products. The Secretary is to determine if more stringent Federal efficiency standards for heating and cooling products are appropriate for up to two additional regions.

Section 223. Furnace fan rulemaking. A final furnace fan efficiency rule is to be published by December 31, 2014.

Section 224. Expedited rulemakings. Provides for expedited energy conservation standard rulemakings if certain conditions are met.

Section 225. Periodic reviews. Energy conservation standards are to be examined for needed updates.

Section 226. Energy efficiency labeling for consumer products. Requires the promulgation of regulations to add personal computers, computer monitors, televisions, set-top boxes, and digital video recorder devices to the Energy Guide labeling program.

Section 227. Energy conservation standards for residential boilers. This section adopts a consensus agreement on minimum efficiency standards for residential gas, oil, and electric boilers, effective September 1, 2012.

Section 228. Technical corrections.

Section 229. Electric motor efficiency standards. This section adopts a consensus agreement on new efficiency standards for three broad categories of electric motors, effective 36 months after enactment.

Section 230. Energy standards for home appliances. This section adopts a consensus agreement on new efficiency standards and water conservation standards for residential clothes washers and dishwashers; adopts a new standard for residential dehumidifiers; and mandates a final rule on efficiency standards for residential refrigerators and freezers by 2011.

Section 231. Improved energy efficiency for appliances and buildings in cold climates. This section authorizes research on technologies to improve the energy efficiency of buildings and appliances in cold climates, and expands the rebate program created in section 124 of the Energy Policy Act of 2005 to include cold-climate energy efficient products.

Section 232. Deployment of new technologies for high-efficiency consumer products. Financial incentives are provided for the manufacture of high-efficiency consumer products.

Section 233. Industrial efficiency program. A new program will support the use of new materials manufacturing, industrial processes, and technologies to optimize energy efficiency. \$184 million is authorized in fiscal year 2008, escalating to \$208 million in 2012 and including such sums as necessary in subsequent years.

SUBTITLE C - PROMOTING HIGH EFFICIENCY VEHICLES, ADVANCED BATTERIES AND ENERGY STORAGE

Section 241. Lightweight materials research. The Secretary is to establish a program on the use of lightweight materials in the construction of vehicles. \$60 million is authorized in fiscal years 2007 through 2012.

Section 242. Loan guarantees for fuel-efficient automobile manufacturers and suppliers. Loan guarantees may be issued for facilities that manufacture parts for fuel-efficient vehicles.

Section 243. Advanced technology vehicles manufacturing incentive program. This section authorizes awards for 30 percent of qualified investments for incremental costs incurred for a manufacturing facility to produce advanced technology vehicles (such as advanced diesels or electric drive vehicles), eligible components, or any associated engineering costs.

Section 244. Energy storage competitiveness. This section directs the Secretary to initiate a 10-year demonstration program to ensure U.S. competitiveness in global energy storage markets. An advisory panel of experts is to make recommendations on 5-year roadmaps for technologies applicable to the transportation and electric distribution sectors. Four competitively selected centers of excellence for energy storage are authorized. This section also directs the existing Department of Energy nanoscience centers to study energy storage. \$50 million in funding for basic research in these areas is authorized for fiscal years 2008-2017, as is \$80 million for applied research and \$100 million for the energy storage research center program.

Section 245. Advanced transportation technology program. This section establishes a grant program for demonstrations of electric drive vehicles, placing priority on proposals that are most likely to lead to commercialization and production. \$60 million is authorized for fiscal years 2008-2012. This section also directs the Secretary to establish a near-term oil saving transportation deployment program, and it authorizes competitive grants for certain projects. \$90 million is authorized for each of fiscal years 2008 through 2013.

SUBTITLE D - SETTING ENERGY EFFICIENCY GOALS

Section 251. National goals for energy savings in transportation. This section establishes that it is the goal of the United States to reduce national gasoline usage 20 percent by 2017; 35 percent by 2025; and 45 percent by 2030, relative to projections for usage in these years contained in the Energy Information Administration's Annual Energy Outlook 2007. The Secretary must submit to Congress a plan to ensure compliance with the national goals that must be updated biennially.

Section 252. National energy efficiency improvement goals. This section establishes that it is the goal of the United States to achieve an improvement of the nation's overall energy productivity

(measured as Gross Domestic Product per unit of energy input) of at least 2.5 percent by 2012, and each year thereafter through 2030. The Secretary must submit to Congress a strategic plan that establishes regulatory, funding, and policy priorities to ensure compliance with the national goals.

Section 253. National media campaign. This section authorizes a four-year national media campaign to educate consumers about means to achieve energy savings and decrease oil consumption. \$5 million is authorized for fiscal years 2008 through 2012.

Section 254. Modernization of Electricity Grid Systems. This section declares that it is U.S. policy that developing and deploying advanced technology to modernize and improve the efficiency of the domestic electricity grid is essential to maintain current and future supply. DOE is authorized to carry out certain programs related to a number of efficiency and reliability goals.

SUBTITLE E - PROMOTING FEDERAL LEADERSHIP IN ENERGY EFFICIENCY AND RENEWABLE ENERGY

Section 261. Federal fleet conservation requirements. This section requires Federal fleet vehicles to reduce petroleum consumption 20 percent by October 1, 2015 and increase by 10 percent annually the consumption of alternative fuels. Each Federal agency is directed to actively promote incentive programs to reduce petroleum consumption through practices including the use of public transit, telecommuting, carpooling, and bicycling. \$10 million is authorized for fiscal years 2008 through 2013.

Section 262. Federal requirement to purchase electricity generated by renewable energy. This section establishes a binding requirement for the Federal purchase of electricity from renewable sources equivalent to not less than 10 percent by 2010, and 15 percent by 2015. It also applies to the Capitol Complex. Specified reductions and waiver authority are provided to the Department of Defense, the Department of Homeland Security, and other agencies.

Section 263. Energy savings performance contracts. This section permanently authorizes the energy savings performance contract (ESPC) program. It clarifies that Federal agencies may retain 100 percent of the guaranteed savings under an ESPC, and expands the definition of energy savings to include those derived from on-site renewable energy generation.

Section 264. Energy management requirements for Federal buildings. This section requires a 30-percent reduction in energy consumption in existing Federal buildings by 2015.

Section 265. Combined heat and power and district energy installation at Federal sites. This section requires the identification of Federal sites that could achieve significant energy savings through the installation of combined heat and power or district energy systems.

Section 266. Federal building performance standards. This section requires new Federal buildings to reduce fossil fuel energy consumption and to strive to eliminate it entirely by 2030.

Section 267. Application of international energy conservation code to public and assisted housing. This section applies updated energy conservation codes to housing administered by the Department of Housing and Urban Development.

Section 268. Energy Efficient Commercial Buildings Initiative. This section establishes an initiative among eligible stakeholders to reduce the quantity of energy consumed by U.S. commercial buildings.

SUBTITLE F - ASSISTING STATE AND LOCAL GOVERNMENTS IN ENERGY EFFICIENCY

Section 271. Weatherization assistance for low-income persons. This section reauthorizes the Federal Weatherization Assistance program through fiscal year 2012, and increases funding levels by \$50 million per year to \$750 million for fiscal years 2008 through 2012.

Section 272. State energy conservation plans. This section reauthorizes the State energy program through fiscal year 2012.

Section 273. Utility energy efficiency programs. This section requires electric utilities to integrate energy efficiency into utility, State, and regional integrated resource plans, and to adopt policies to establish cost-effective efficiency as a priority resource. It establishes also that rates charged by electric or natural gas utilities must align utility incentives with the delivery of cost-effective efficiency and promote investments in efficiency.

Section 274. Energy efficiency and demand response assistance. The Secretary is to provide technical assistance to State energy offices, public utility regulatory commissions, and non-regulated utilities with respect to implementation of energy-efficiency and demand-response programs established or updated under this title.

Section 275. Energy and environmental block grant. This section authorizes block grants for implementing energy efficiency programs.

Section 276. Energy sustainability and efficiency grants for institutions of higher learning. This section authorizes grants to institutions of higher learning for energy efficiency and renewable energy demonstration projects.

Section 277. Workforce training. This section authorizes a program to provide workforce training related to the energy efficiency and renewable energy industries.

Section 278. Assistance to States to reduce school bus idling. This section encourages local educational agencies to develop a policy to reduce the incidence of school bus idling. Authorizes \$5 million in funding for each of fiscal years 2007 through 2012.

TITLE III – CARBON CAPTURE AND STORAGE RESEARCH, DEVELOPMENT, AND DEMONSTRATION

Section 301. Short title.

Section 302. Carbon Capture and Storage Research, Development, and Demonstration Program. This section expands DOE's existing carbon capture and storage research and development program. The Secretary is directed to conduct carbon sequestration demonstration projects emphasizing large-scale geologic carbon dioxide injection. \$150 million for fiscal year 2008, \$200 million for fiscal year 2009, \$200 million for fiscal year 2010, \$180 million for fiscal year 2011, and \$165 million for fiscal year 2012 is authorized.

Section 303. Carbon dioxide storage capacity assessment. The Secretary of the Interior is to develop a methodology for conducting a national assessment of geological storage capacity for carbon dioxide within 270 days and to complete the assessment within 2 years of the methodology's publication.

Section 304. Carbon Capture and Storage Initiative. This section authorizes a program to demonstrate large-scale capture of carbon dioxide from an industrial source. Awardees must meet certain criteria. For each of the fiscal years 2009 through 2013, \$100 million is authorized.

TITLE IV – COST-EFFECTIVE AND ENVIRONMENTALLY SUSTAINABLE PUBLIC BUILDINGS

SUBTITLE A – PUBLIC BUILDINGS COST REDUCTION

Section 401. Short title.

Section 402. Cost-effective technology acceleration program. Subsection 2(a) requires the General Services Administration to establish a program to accelerate the use of more cost-effective technologies and practices at GSA facilities in order to ensure centralized oversight. The provision of technical assistance and guidance should include appropriate training for the building managers.

Subsection 2(b) provides that within 90 days after the date of enactment of this Act, the Administrator is directed to conduct a review of cost-effective, highly energy-efficient lighting technologies that are available for use in GSA facilities. GSA is also directed to establish a program to achieve (with a goal of 5 years) maximum feasible replacement of existing lighting technologies with more cost-effective and energy-efficient lighting technologies in each GSA facility; this is using available appropriations.

Section 403. Environmental Protection Agency demonstration grant program for local governments. EPA is to establish a demonstration program to provide competitive grants to assist local governments in deploying cost-effective energy-efficient technologies and practices

at local government buildings. No grant awarded under this section shall exceed \$1 million and the Federal cost-share is 40 percent, with waivers available for economically distressed communities. The program is authorized to receive \$20 million per year for each of fiscal years 2007 through 2012, and sunsets on September 30, 2012.

Section 404. Definitions.

SUBTITLE B – INSTALLATION OF PHOTOVOLTAIC SYSTEM AT DEPARTMENT OF ENERGY HEADQUARTERS BUILDING

Section 411. Installation of photovoltaic system at Department of Energy headquarters building. GSA is directed to install a photovoltaic system (solar panels) in the headquarters of the Department of Energy (Forrestal Building—1000 Independence Ave, SW). The system is to be based on the Sun Wall Design Project. \$30 million is made available from the Federal Buildings Fund.

SUBTITLE C – HIGH-PERFORMANCE GREEN BUILDINGS

Section 421. Short title.

Section 422. Findings and Purposes. This section establishes Congressional findings that making federal buildings “green” is environmentally advantageous; it encourages the Federal Government to act as an example in this area; it establishes an Office of Green Buildings within GSA; and it encourages States, local governments, and school systems to build high-performance “green” schools.

Section 423. Definitions.

Part I – Office of High-Performance Green Buildings.

Section 431. Oversight. This section directs GSA to appoint a Director of the Office of High-Performance Green Buildings.

Section 432. Office of High-Performance Green Buildings. GSA is to establish an Office of High-Performance Green Buildings. The Director of this office is to ensure full coordination of high-performance green building information and activities, establish a Green Building Advisory committee, and carry out additional specified duties.

Section 433. Green Building Advisory Committee. This section sets forth the membership and duties of the Advisory Committee.

Section 434. Public Outreach. This section requires the Director of the Office of High-Performance Green Buildings to carry out public outreach.

Section 435. Research and development. This section requires the Director to develop a research plan on high-performance green buildings. This section also requires the Director to study and

identify benefits of green buildings relating to security, natural disasters, and the federal government's emergency needs. The Director is required to develop and carry out a comprehensive indoor air quality program for all Federal facilities to ensure the safety of Federal workers during new construction and renovation and in existing facilities.

Section 436. Budget and life-cycle costing and contracting. This section requires the Director to identify, review, and analyze current budget and contracting practices.

Section 437. Authorization of appropriations. For each of the fiscal years 2008-2012, \$4 million is authorized to be appropriated.

Part II – Healthy High-Performance Schools

Section 441. Definition of high-performance school.

Section 442. Grants for Healthy school environments. This section authorizes the Administrator of the Environmental Protection Agency (EPA) to provide grants to States for use in: (1) providing technical assistance for EPA's programs to schools; and (2) developing State school environmental quality plans. EPA is also authorized to provide grants to nonprofit organizations to assist in community and public education on healthy school environments.

Section 443. Model guidelines for siting of school facilities. This section requires the EPA to develop school-site selection guidelines.

Section 444. Public outreach. This section requires certain information sharing procedures.

Section 445. Environmental health program. This section requires the EPA to issue voluntary guidelines for use by States in developing and implementing an environmental health program for schools. This section also requires that the Director ensure the clearinghouse established under Section 104 makes available information on the exposure of children to environmental hazards in school facilities.

Section 446. Authorization of appropriations. For fiscal years 2008-2012, \$10 million is authorized to be appropriated.

Part III – Strengthening Federal Leadership

Section 451. Incentives. This section directs the Director of the Office of to identify incentives to encourage the use of green buildings and related technology in the operations of the Federal Government.

Section 452. Federal procurement. This section requires the Director of the Office of Federal Procurement Policy to revise acquisition regulations directing affected federal procurement executives.

Section 453. Federal green building performance. This section requires the Comptroller General to conduct an audit and report on the implementation of this title. The Director (of the Office of High-Performance Green Buildings) is to consult with the Committee to assist in the implementation of the Environmental Stewardship Scorecard announced at the White House Summit on Federal sustainable buildings in 2006.

Section 454. Storm water runoff requirements for Federal development projects. This section requires the sponsor of certain projects to maintain the predevelopment hydrology of the property.

Part IV – Demonstration Project

Section 461. Coordination of goals. This section requires the Director to: (1) establish guidelines to implement a demonstration project; and (2) carry out such project in three federal buildings that provide for an evaluation of green building initiatives covered under the Act and that achieve the highest rating under the standard determined under Section 102(d).

Section 462. Authorization of appropriations. This section authorizes \$10 million for fiscal years 2008 through 2012.

TITLE V – CORPORATE AVERAGE FUEL ECONOMY STANDARDS

Section 501. Short Title; Table of Contents.

Section 502. Average Fuel Economy Standards for Automobiles, and Certain other Vehicles. The Secretary of Transportation (Secretary) must prescribe average fuel economy standards for manufacturers of cars and light trucks (collectively “automobiles”), beginning with model year 2011 with a target of achieving a fleetwide standard of at least 35 mpg by model year 2020. Standards would be based on vehicle attributes and would be the maximum feasible. For model years 2021 through 2030, the average fuel economy standard for the fleet of automobiles would be increased by 4 percent each year. With 18 months of enactment of this act, the Secretary would be required to consult with the Secretary of Energy and the Administrator of the EPA to examine the fuel efficiency of medium and heavy-duty trucks to determine the appropriate fuel efficiency improvement program. Like the automobile standards, the improvement program would be based on vehicle attributes and would be set at the maximum feasible level.

Section 503. Amending Fuel Economy Standards. This section permits the Secretary to amend a standard if it is determined that achieving the higher standard is not cost effective to achieve. If necessary, the standard would be lowered to the maximum feasible standard that is technologically feasible, does not compromise safety, is not less than the standard of the previous year, and is cost-effective. “Cost effective means that the value to the United States of reduced fuel use from a proposed standard is greater than or equal to the cost to the United States of such a standard.”

Section 504. Definitions. This section defines “automobile” and “work truck.”

Section 505. Ensuring Safety of Automobiles. This section requires the Secretary to issue a standard to ensure better safety in the event of a crash involving automobiles of differing sizes and weights.

Section 506. Credit Trading Program. This section permits manufacturers who earn credits for exceeding the average fuel economy standard to apply those credits to any three model years immediately prior to or five consecutive model years following the model year in which the credits were earned. The credits could also be sold to manufacturers whose vehicles failed to meet the standards.

Section 507. Labels for Fuel Economy and Greenhouse Gas Emissions. This section creates a labeling program for vehicles to advertise the fuel economy, greenhouse gas, and other emissions over the lifetime of the vehicle. A vehicle would be eligible for the label if it meets or exceeds the fuel economy standard, or would have the lowest greenhouse gas emissions over its lifetime for the applicable class.

Section 508. Continued Applicability of Existing Standards. This section ensures that nothing in this Act would affect the application of 49 USC 32902 to passenger or non-passenger automobiles manufactured before model year 2011.

Section 509. National Academy of Sciences (NAS) Studies. The Secretary must execute an agreement with NAS to update its previous study on fuel economy standards, and assess existing and potential technologies to determine how they may be used to meet higher fuel economy standards. The report would be submitted to the Secretary and appropriate Congressional committees within 18 months of the execution of the agreement, and would be updated every five years through 2025.

Section 510. Standards for Executive Agency Automobiles. Executive agencies must ensure that vehicles purchased or leased for 60 days or more are as fuel efficient as practicable.

Section 511. Ensuring Availability of Flexible Fuel Automobiles. Flex-fuel vehicles shall comprise at least 50 percent of newly manufactured vehicles in model year 2012, with that percentage increasing by 10 percent each model year through 2015.

Section 512. Increasing Consumer Awareness of Flexible Fuel Automobiles. Manufacturers are to advertise on vehicle tailpipes and fuel tank caps which vehicles are flex-fuel and include information on the benefits of flex-fuel vehicles in owners' manuals.

Section 513. Periodic Review of Accuracy of Fuel Economy Labeling Procedures. The Secretary is to periodically reevaluate the fuel economy labeling procedures to determine whether a revision is warranted.

Section 514. Tire Fuel Efficiency Consumer Information. This section requires a rulemaking to implement a national tire fuel efficiency consumer information program. A violator of this section is subject to a civil penalty of not more than \$50,000 for each violation.

Section 515. Advanced Battery Initiative. The Secretary of Energy is to establish an initiative to support commercial application of battery technologies. Such sums as may be necessary are authorized for each of fiscal years 2008 through 2012.

Section 516. Biodiesel Standards. This requires, within 180 days of enactment, promulgation of standards for biodiesel blends sold or introduced into commerce.

Section 517. Use of Civil Penalties for Research and Development. The Secretary of the Treasury is to transfer 50 percent of the enforcement fines and penalties from the preceding fiscal year to an account for use for research and development of fuel saving automotive technologies, beginning in fiscal year 2008. The remaining 50 percent would be transferred to the Energy Security Fund, established in section 518. Amounts in this fund would be used for grants to increase the availability of alternative fuels to consumers.

Section 518. Energy Security Fund and Alternative Fuel Grant Program. This section establishes the Energy Security Fund consisting of the civil fines and penalties from enforcement actions from this title, as well as the interest and proceeds from the sale or redemption of obligations held in the Fund. The Secretary of Energy would use the fund for grants to increase the availability of alternative fuels to consumers.

Section 519. Authorization of Appropriations. This authorizes to be appropriated \$25 million for each of fiscal years 2009 through 2021.

Section 520. Application with Clean Air Act. This section provides that nothing in this title would be construed to conflict with the authority provided by sections 202 and 209 of the Clean Air Act.

TITLE VI – PRICE GOUGING

Section 601. Short Title.

Section 602. Definitions. “Price gouging” is defined as the charging of an unconscionably excessive price. “Unconscionably excessive price” is defined as a price that represents a gross disparity from the price charged during the usual course of business and grossly exceeds the price at which the same or similar product in the affected area was available; or represents an exercise of unfair leverage or unconscionable means on the part of the supplier and is not attributable to certain costs incurred in connection with the sale of crude oil, gasoline, or petroleum distillates, and is not attributable to certain market conditions.

Section 603. Prohibition of Price Gouging During Energy Emergencies. This section prohibits the sale of certain petroleum products at an excessive price in, or for use in, the area to which a Presidential declaration of an energy emergency applies.

Section 604. Prohibition of Market Manipulation. This section prohibits the use of manipulative or deceptive devices or contrivances in connection with the purchase or sale of certain petroleum products.

Section 605. Prohibition on False Information. This section prohibits the reporting of false or misleading information as part of required reports relating to the wholesale price of certain petroleum products.

Section 606. Presidential Declaration of Energy Emergency. This section defines the conditions under which the President may declare that a Federal energy emergency exists.

Section 607. Enforcement by the Federal Trade Commission. The FTC is to enforce this title, and shall target efforts toward entities with sales greater than \$500,000,000 per year.

Section 608. Enforcement by State Attorneys General. State Attorneys General may bring civil actions to enforce sections 603 of this title.

Section 609. Penalties. This section establishes penalties in addition to those applicable under the Federal Trade Commission Act. Violations of sections 603, 604, or 605 are punishable by fines with maximums between \$500,000 and \$1 million. Violations of section 603 are punishable by fines of not more than \$5 million, and by imprisonment for not more than 5 years.

Section 610. Effect on Other Laws. This title shall in no way affect FTC authority in other provisions of law.

TITLE VII – ENERGY DIPLOMACY AND SECURITY

Section 701. Short Title.

Section 702. Definitions.

Section 703. Sense of the Congress on Energy Diplomacy and Security. This section calls for the creation of a Coordinator for International Energy Affairs within the Office of the Secretary of State, to be charged with ensuring that energy security is integrated into State Department activities and to liaise with other federal agencies; it also calls for the President to ensure there is an effective mechanism to coordinate federal agency international energy activities. This section also defines the policy goal of energy security as access to reliable, affordable, clean, sufficient, and sustainable energy sources.

Section 704. Strategic Energy Partnerships. The Department of State, in coordination with DOE, is to establish and expand international energy partnerships with major energy producing and consuming countries, and with other appropriate countries. The Department of State is to report on relevant activities.

Section 705. International Energy Crisis Response Mechanisms. This section directs the extension of emergency coordination with China and India through the International Energy Program by the Secretary of State, in coordination with DOE, and subject to the achievement by China and India of reserve holding standards set by the Secretary of Energy. It calls on the President to have the Governing Board of the International Energy Agency examine the establishment of an application procedure through which non-member countries of the International Energy Program could apply for allocation of petroleum reserves in times of emergency.

Section 706. Hemisphere Energy Cooperation Forum. This section establishes a standing ministerial energy forum to promote dialogue and partnerships with at least three working areas: preparedness for energy crisis response; an energy sustainability initiative to improve energy supply and efficiency; and a development initiative to increase energy access for the poor in a sustainable way. It directs also the Creation of a Hemisphere Energy Industry Group to improve conditions for private investment and public-private partnerships within the Western Hemisphere.

Section 707. Appropriate Congressional Committees Defined. This section defines “appropriate congressional committees” to mean the Committee on Foreign Relations and the Committee on Energy and Natural Resources of the Senate, and the Committee on Foreign Affairs and the Committee on Energy and Commerce of the House of Representatives.

Administration Position

At press time, a Statement of Administration Policy (SAP) for the substitute was not available. The SAP for H.R. 6 is available at:

<http://www.whitehouse.gov/omb/legislative/sap/110-1/hr6sap-h.pdf> .

Cost

CBO has not completed a cost analysis of the Senate substitute. However, the substitute contains many of the same provisions as S. 1419, which does have a cost estimate. CBO’s preliminary review of S. 1419 estimates that enacting this legislation would **increase** direct spending by \$1.8 billion over the 2008-2012 period and by \$2.5 billion over the 2008-2017 period; enactment would **reduce** revenues by \$0.4 billion over the 2008-2012 period and by \$2.7 billion over the 2008-2017 period for total costs of \$2.2 billion and \$5.2 billion respectively. Discretionary spending would increase by at least \$7 billion over the 2008-2012 period. CBO also estimates that on-budget deficits would be increased (or surpluses reduced) by at least \$5 billion in at least one of the four 10-year periods beginning in 2018. The changes made to title V that appear in the substitute may reduce the estimated revenue losses.

Possible Amendments

Amendments addressing the following issues are anticipated:

- Making changes to the renewable fuels standards.
- Bingaman: national renewable portfolio standard for energy.
- Domenici: clean energy portfolio standard.
- Bunning/others: coal to liquids technology.
- Levin/Bond: CAFE standards.
- Climate change/global warming.
- Outer Continental Shelf issues.
- Price-gouging.
- Oil and gas lease thresholds.
- Oil refinery capacity issues.
- Energy efficiency standards for Federal buildings.
- Arctic National Wildlife Refuge.